



**Director of  
Central  
Intelligence**

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*Saturday  
2 July 1983*

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**EL SALVADOR: Status of Government Offensives**

*Military forces moved into major insurgent strongholds in San Vicente and Usulután Departments this week, and smaller offensives continued to keep the guerrillas off balance in other areas.* [redacted]

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The Army reports that it has driven the guerrillas out of southern and western San Vicente Department and that it is now closing in on Cerros de San Pedro in the north. The latter area has long served as a guerrilla base, with all five insurgent factions maintaining units there.

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In nearby Usulután Department, an elite Army battalion reportedly overran a guerrilla base camp near Tres Calles, another insurgent stronghold. The unit claimed to have killed 40 guerrillas and captured stocks of explosives and a few rifles and mines. [redacted]

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Government troops in Cuscatlán Department launched their second brief offensive in two weeks to keep pressure on the guerrillas, who have been blocking roads and conducting ambushes. The insurgents have been unable to gain the initiative, however, or draw Army forces away from the offensive in San Vicente. [redacted]

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**Comment:** The guerrillas in San Vicente and Usulután generally have been avoiding combat by evacuating their base areas before government troops enter them. This tactic, however, separates them from their local supporters. This may force them to launch a major counterattack soon, but their intelligence and coordination appear to have been at least temporarily disrupted. [redacted]

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For now, the psychological advantage seems to have shifted to the government. Although the Army has not inflicted many casualties, its confidence and morale evidently are growing as it continues to hold the tactical initiative. [redacted]

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**ITALY: Postelection Maneuvering**

*Political leaders are still struggling to sort out the implications of the Christian Democratic Party's setback in national elections.* [redacted]

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Detailed election returns in the press show that the party—which declined 5.4 percent on the national level—suffered even heavier losses in some of its strongholds in the south. Some Christian Democrats blame party secretary de Mita's attempts to reform the party for having alienated its traditional activists and supporters, and the US Embassy reports that there are rumors he may resign soon.

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Political observers agree that the previous political balances have been upset and regard the Christian Democrats' losses as a "rout." Most Italians believe that a new coalition will be slow to take shape and of short duration. There already is speculation that new elections may be in order, and the perennial call for fundamental political reforms has been renewed. [redacted]

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Republican Party leader Spadolini—whose party was the major winner—and Socialist Craxi are being touted as potential prime ministers, along with outgoing Prime Minister Fanfani and other Christian Democrats. The Socialists are pushing hard for the post, and some are suggesting that the only alternative to a government led by Craxi would be an arrangement involving the Communists. [redacted]

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According to the Embassy, there are indications of a general willingness to seek some Communist cooperation, at least in areas of common concern. On Thursday the Communists renewed their demand for parliamentary consideration of the question of cruise missile basing. [redacted]

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**Comment:** Clarification of the situation might take most of the month and could entail changes in party leaderships. In the meantime, the caretaker government will continue in office. It may be forced to deal with serious economic problems that cannot await political realignments. [redacted]

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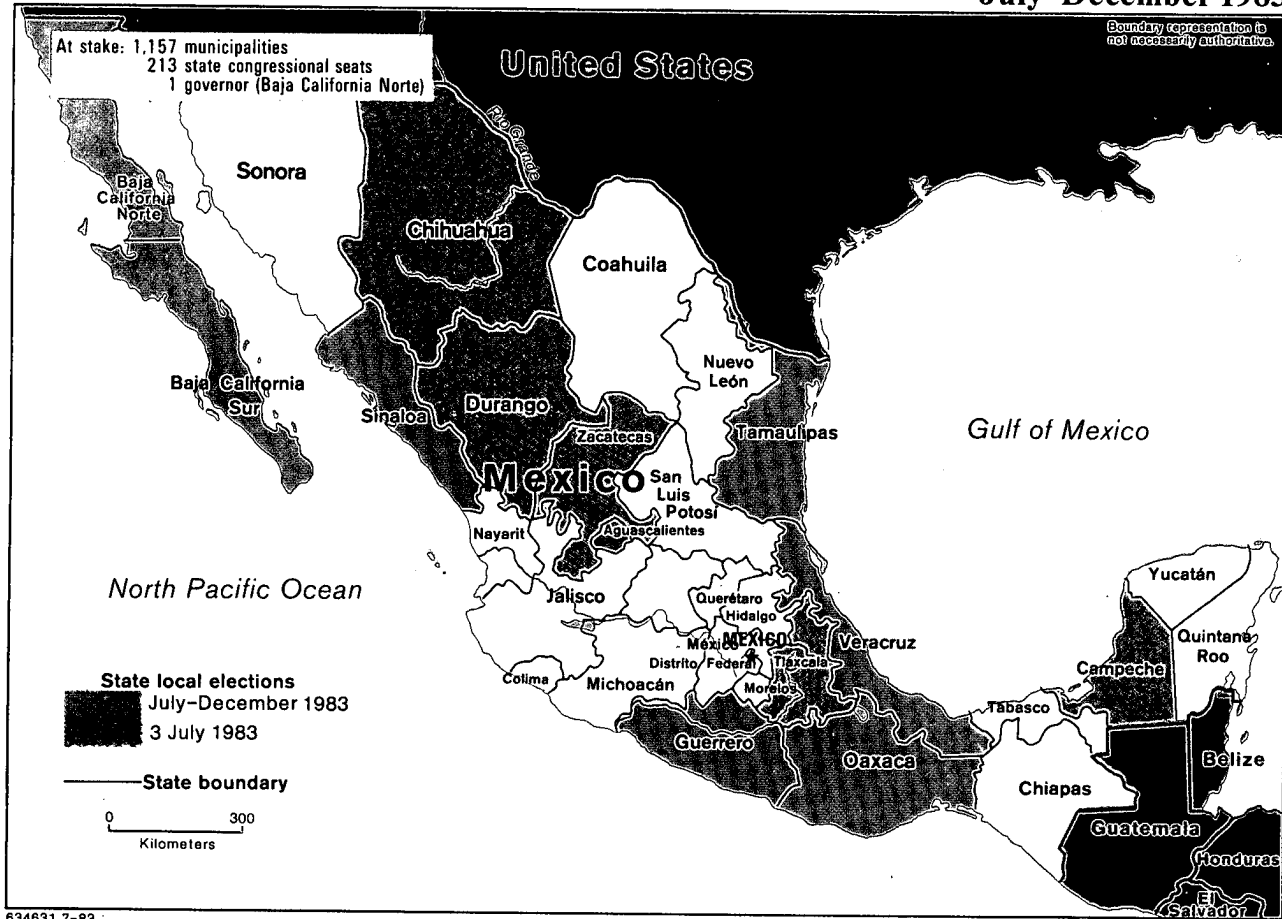
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**Mexican Local Elections****July-December 1983**

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**MEXICO: Municipal Elections**

*The center-right National Action Party is likely to make key gains tomorrow in the first round of the violence-prone municipal elections, which will extend over the next six months.* [redacted]

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Opposition parties in recent weeks have been exploiting dissatisfaction with the government's austerity policies. Last year the opposition won in several municipalities. Those successes have led the ruling party to pick candidates on the basis of popular appeal and to try to eliminate intraparty squabbling. [redacted]

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The National Action Party expects to win in some border states, where the prestige of state governors is shaky and there are serious economic problems. Scattered opposition successes are also predicted in Oaxaca, because of factionalism among local supporters of the ruling party and the difficulties national leaders face in directing individual campaigns in more than 500 municipalities. The Communist-dominated Unified Socialist Party is plagued by internal divisions, but it hopes to win a few races, primarily in Oaxaca. [redacted]

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Election violence has already claimed three lives in Chihuahua. It has not yet reached the level of last year, however, when at least 35 city halls were occupied by protesters and a dozen people were killed. [redacted]

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**Comment:** Opposition parties are likely to gain important municipal posts in the elections, but the ruling party will still prevail in an overwhelming majority of the contests. Even limited opposition victories, however, will be considered a setback by the administration and will test the President's campaign commitment to honor election results. The elections may be considered a referendum on de la Madrid's handling of the economy. [redacted]

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**NICARAGUA-COSTA RICA: Failed Assassination Attempt**

A bombing incident in San Jose earlier this week apparently was a Nicaraguan attempt to kill top members of Eden Pastora's anti-Sandinista group. The perpetrator, a former Nicaraguan official, reportedly was killed when the bomb exploded prematurely minutes before his scheduled appointment with officials at Pastora's political headquarters. According to US Embassy reports, Costa Rican officials fear the incident may be the beginning of a terrorist campaign by Managua against the anti-Sandinistas. [REDACTED]

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**Comment:** The Sandinistas probably will deny any involvement because they do not want to strain relations with Costa Rica or to undercut their position in peace initiatives. President Monge's critics may blame the incident on his failure to crack down on anti-Sandinista activities in the country. [REDACTED]

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**SURINAME: Expanding the Security Forces**

Army Commander Bouterse, at a peaceful rally on Thursday, condemned alleged CIA and Dutch efforts to topple his regime and announced plans to increase the size of the security forces. Bouterse claimed that the National Army and Police eventually will number 10,000 personnel each and that a Youth Brigade of some 50,000 will be formed. [REDACTED]

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**Comment:** Bouterse's ambitious plans for expanding his security forces probably are designed to deter potential domestic challengers and exile elements, but they are far beyond Suriname's capabilities. The National Army and Police together number only some 3,000. Moreover, the regime lacks the trained officers and funds that would be needed for any large-scale expansion. The formation of a Youth Brigade would be another effort by Bouterse to increase his popular support. [REDACTED]

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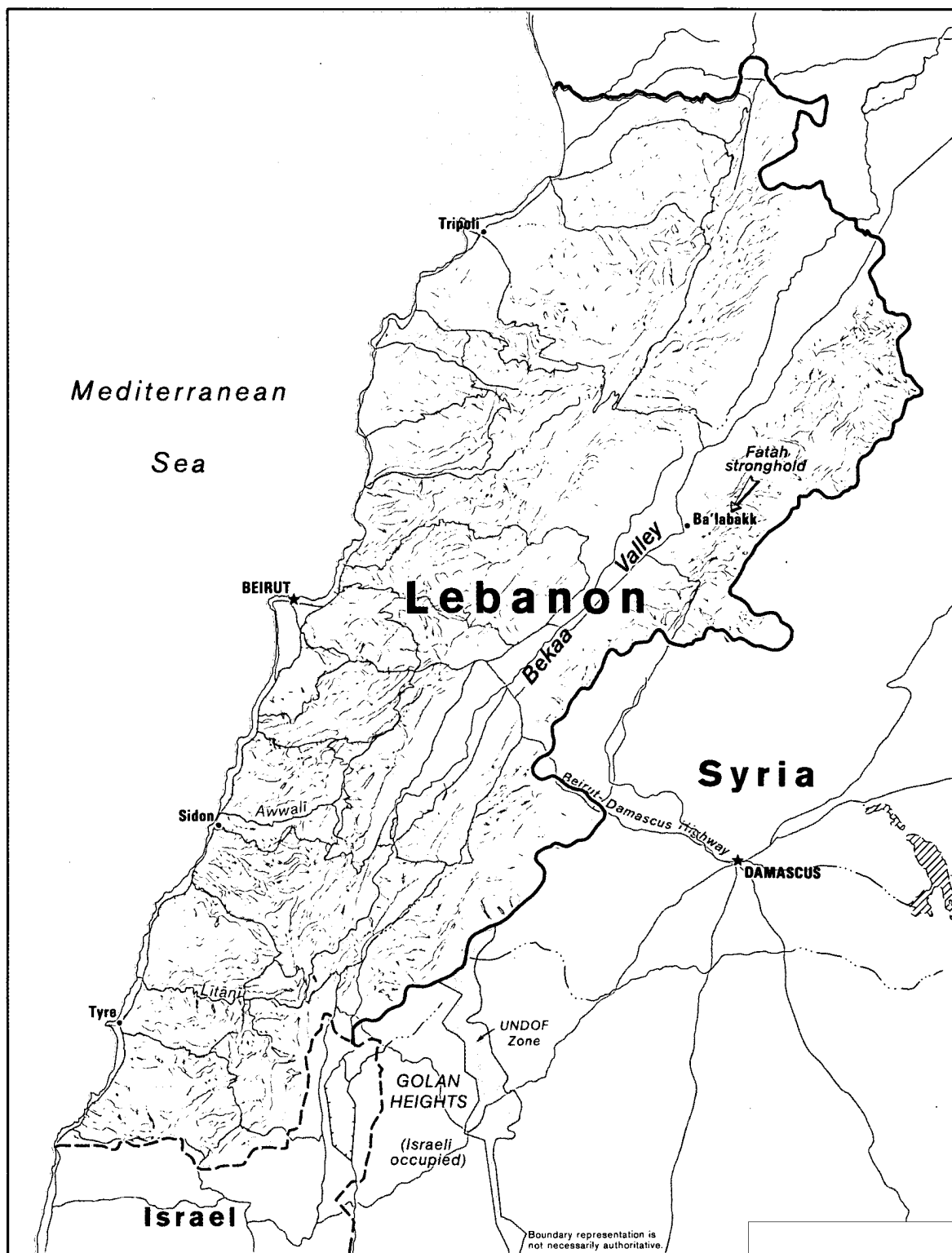
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**PALESTINIANS: PLO Executive Committee Meeting**

The PLO Executive Committee, meeting yesterday in Tunis, decided to send a delegation to Syria this weekend to negotiate a compromise between PLO chief Arafat and the Syrian Government. The meeting, which was chaired by Arafat, also called for an end to the fighting between rival Fatah groups in the Bekaa Valley. An informal cease-fire negotiated on Thursday continues to hold, but Syrian-backed rebel forces have already driven pro-Arafat guerrillas from most of their positions on the Beirut-Damascus Highway. [redacted]

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**Comment:** The failure of the Executive Committee's communique to reaffirm Arafat's charge that Syria is behind the rebellion suggests that Arafat is prepared to compromise if Damascus ends its assistance to the dissidents. If the delegation fails to reach an agreement with the Syrians, however, the dissidents are likely to resume their attacks. Their next target probably will be Balabakk—the last important Fatah stronghold in the Bekaa Valley. [redacted]

[redacted]

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**FRANCE-MIDDLE EAST: Cheysson's Trip**

French Foreign Minister Cheysson plans to visit Tel Aviv briefly on Wednesday. According to the US Embassy, the Israelis understand that Cheysson also plans a stop in Damascus but are uncertain whether it will be before or after Tel Aviv. The US Embassy in Paris reports that the French are refusing to discuss either the trip or its itinerary. [redacted]

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**Comment:** The French suspect that the US has not kept them fully informed of developments relating to Lebanon, and Cheysson may ask senior Israeli officials to fill him in. If Cheysson also visits Damascus, he may want to explore the prospects for a French role in talks between Lebanon and Syria—as the Lebanese have requested. France has been increasingly critical of the US for allegedly failing to solicit Syria's views. [redacted]

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**POLAND: Church's Plan for Aiding Farmers**

The Pope's visit appears to have had little impact on resolving key government problems with the Church's proposal to funnel \$2 billion worth of Western gifts over the next five years to private farmers. Archbishop Glemp told the US Chargé in Warsaw before the papal visit that Premier Jaruzelski had agreed that the Church could "control" the funds but insisted that the money be channeled through state agencies. [redacted]

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**Comment:** The most recent publicity about the plan has come from Church or Vatican sources, who may hope that it will put pressure on the regime to be more accommodating and anticipate that it will prompt Western interest in the funds. They also may hope that public discussion in the West will help create a more favorable climate for the easing of sanctions. In coming negotiations over details of the program, the government will ensure that it maintains some control over distribution of the funds. Moreover, the regime may calculate that a lack of significant Western contributions would enable it to claim that the West has little interest in the welfare of the Polish people. [redacted]

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**EC: Steel Cutbacks Ordered**

The EC Commission on Thursday ordered large cutbacks in EC steelmaking capacity but postponed determining how these reductions will be implemented. For the Community as a whole, the Commission is requiring by 1985 a 17-percent reduction in capacity—30 million metric tons—from the level of 1980. Member governments now have until 31 January 1984 to submit national plans to carry out the Commission's mandatory cutbacks. Commission officials acknowledge that the reductions will add at least another 150,000 to the 250,000 steelworkers already unemployed and have called on the EC to approve emergency social programs. [redacted]

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**Comment:** The required reductions in capacity will lead to a major test of the Commission's ability to regulate the EC steel industry. Although West Germany, France, and the UK already are planning cutbacks close to those ordered by the Commission, Italy and the Benelux countries will need to shut down more plants than planned. In the Netherlands, proposed reductions will have to be doubled. Failure to comply could lead to fines and withholding of EC aid for restructuring programs. [redacted]

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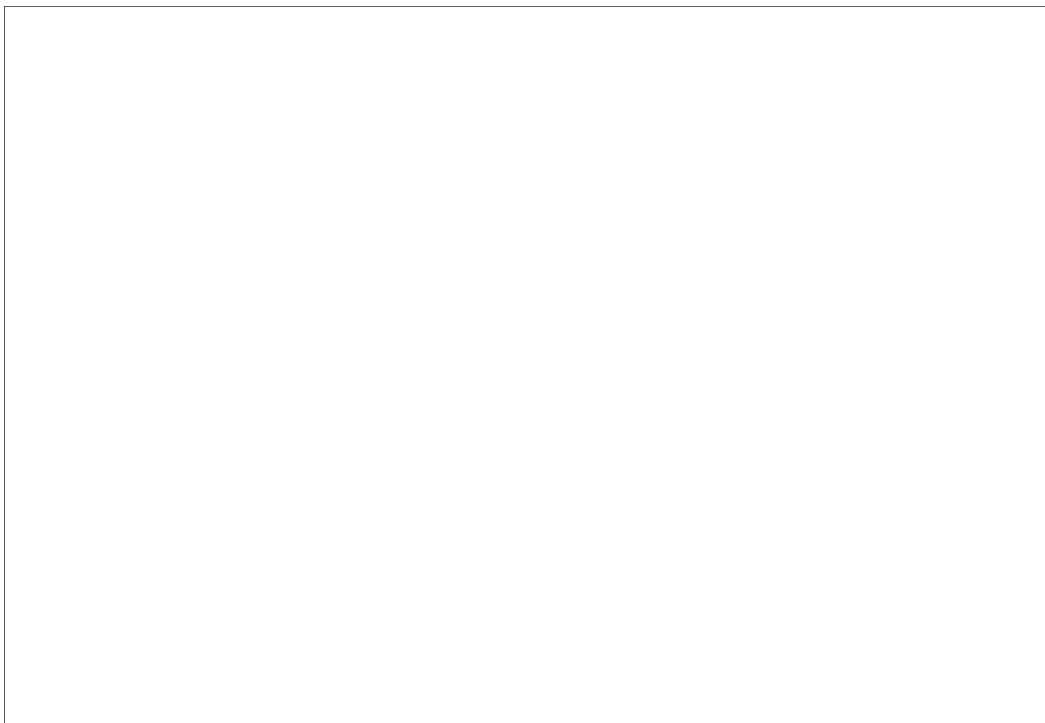
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**JAPAN-US: Auto Export Policy**

The recent statement by Trade Minister Uno rejecting an extension of the current restraints on auto exports to the US may not be Tokyo's final position. Other Japanese officials have said that Uno's statement did not reflect a change in policy. The US Embassy believes Uno probably tailored his remarks to his audience—a group of Japanese automobile manufacturers.  high-level Japanese officials are increasingly concerned about the mounting trade surplus and are particularly worried that relations with Washington will deteriorate as the US elections get closer.

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**Comment:** The current agreement runs through March 1984, and the Japanese Government probably has not yet ruled out another agreement. Uno's comment may reflect an attempt to stake out an initial negotiating position. Similar statements were made by the previous trade minister before the current agreement was reached.

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## **Special Analysis**

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### **WEST GERMANY-USSR: Kohl's Visit to Moscow**

*Chancellor Kohl, who begins a four-day visit to the USSR on Monday, will try to demonstrate his government's interest in good bilateral relations despite serious differences over security issues. INF will dominate the talks in Moscow, and the Soviets may indicate further flexibility. Kohl plans, however, to reject any offers on other issues or threats designed to weaken his resolve to proceed with deployments unless an agreement at Geneva obviates them. Discussion of trade, intra-German relations, and other matters will be colored by the INF question, but the Soviets want the visit to underline the durability and value of their dialogue with Western Europe.*

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Preparations for the visit reportedly did not go well. According to the West German Embassy in Moscow, the Soviets suggested that Kohl and his delegation spend only one day in Moscow and that the Chancellor meet privately with General Secretary Andropov for just 90 minutes.

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### **Focus on INF**

Foreign Minister Gromyko, in his speech to the Supreme Soviet on 16 June, stated that security issues will dominate contacts with the West German Government, particularly the discussions with Kohl.

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Soviet officials probably will point to Andropov's letters last week to Kohl and other West European leaders and to the results of the summit of Soviet and East European leaders in Moscow on Tuesday as proof of the Warsaw Pact's determination to counter any new US deployments in Western Europe.

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The Soviets may already be resigned, however, to the fact that Kohl will remain firm in his support for INF. The Chancellor hopes his determination will persuade the Soviets to be forthcoming in Geneva.

Nonetheless, the West German leader is not optimistic, and he recently has associated himself publicly with the view that the USSR will not negotiate seriously until after deployments begin. In a recent speech, he endorsed all aspects of the NATO position and put full blame on Moscow for the lack of negotiating progress.

The Soviets may use Kohl's visit, as they have used past contacts with West German leaders, to show some new flexibility on arms control. Moscow almost certainly realizes that expressions of willingness to consider an agreement similar to the informal one reached last summer with the US negotiator in Geneva or to discuss destruction of some SS-20 missiles would have special appeal in West Germany.

The Soviets' reported lack of interest in scheduling lengthy and substantive discussions during the visit suggests they have already decided how to handle INF and do not intend to belabor the issue with Kohl in private. Andropov might even announce an arms initiative at some public function during the visit, with little or no prior consultation with the West Germans. He took such a step early last month during Finnish President Koivisto's visit.

#### **Other Issues**

According to the West German press, Soviet Premier Tikhonov on Tuesday warned visiting West German Economics Minister Lambsdorff that political difficulties between the two countries could affect their economic relations.

Despite such possible pressure, Moscow does not appear willing to jeopardize calm in Berlin, economic cooperation, or other facets of its relationship with Bonn. No major new trade agreements reportedly have been discussed during preparations for the visit, but the two sides almost certainly will affirm their intentions to improve trade.

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**Prospects**

The Soviets evidently have few expectations that they will be able to sway Kohl on the major issues, and they may regard the visit primarily as a means of maintaining the valuable dialogue. In his speech to the Supreme Soviet, Gromyko lauded Bonn's relations with the USSR and Eastern Europe as "an inseparable part of the detente process" and stressed Moscow's intention to pursue good relations with the conservative government. [REDACTED]

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From Kohl's perspective, the visit probably will be less important from an INF standpoint than earlier anticipated. The Geneva talks are no longer expected to preclude INF deployments, and the Kohl government already has persuaded most West Germans it does not plan to depart dramatically from the previous government's Ostpolitik. [REDACTED]

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In addition, Kohl's current domestic position is strong. As a result, he does not have a political need for a major foreign policy success in Moscow. [REDACTED]

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[REDACTED] Moreover, Kohl's resolve on INF will tend to limit the utility of discussions on other issues. The Chancellor will be forced to reject any Soviet threats or blandishments designed to weaken his government's commitment to deployment. [REDACTED]

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